

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 OC-06 CCO-00 CIAE-00 COME-00

INR-10 LAB-06 NSAE-00 RSC-01 SIL-01 FAA-00 DOTE-00

CAB-09 DODE-00 PM-07 H-03 L-03 NSC-07 PA-04 PRS-01

SPC-03 SS-20 USIA-15 MC-02 DRC-01 TRSE-00 OMB-01 /137 W

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R 181846Z MAR 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7618

INFO AMEMBASSY OTTAWA

LIMITED OFFICIAL USE SECTION 01 OF 02 AMEMBASSY PARIS 06760

E.O. 11652: N/A

TAGS: ETRN, FR

SUBJECT: CIVAIR: AIR FRANCE AND CDG AIRPORT ISSUE

SUMMARY: AIR FRANCE UNIONS WILL HOLD ONE DAY STRIKE TO PROTEST AUSTERITY PROGRAM, AND FLIGHT PERSONNEL HAVE CALLED FOR BOYCOTT OF CDG AIRPORT. AUSTERITY PROGRAM WAS ANNOUNCED BECAUSE OF LARGE DEFICIT AIR FRANCE FACES IN 1974. POSTPONEMENT OF CDG MOVE AND RELATED COSTS AS WELL AS POSSIBILITY OF INCREASED REVENUE THROUGH ORLY OPERATION ARE ATTRACTIVE TO AIR FRANCE THUS BOLSTERING SUSPICION DELAY IN MOVE TO CDG COULD BE CONTRIVED FOR COMMERCIAL REASONS.

1. ALL UNIONS REPRESENTED AMONG AIR FRANCE EMPLOYEES HAVE CALLED TWENTY-FOUR HOUR STRIKE FOR MARCH 21 TO PROTEST PERSONNEL MEASURES DECREED BY MANAGEMENT LAST MONTH AS PART OF AUSTERITY PROGRAM TO WIPE OUT PART OF 400-550 MILLION FR. OPERATING DEFICIT FORESEEN FOR 1974. NATIONAL AIRLINE PILOTS ASSOCIATION AND OTHER UNIONS REPRESENTING AIR FRANCE FLIGHT PERSONNEL HAVE IN SEPARATE

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ACTION ASKED THEIR MEMBERS TO BOYCOTT CDG AIRPORT

AS ORIGIN AND DESTINATION POINT FOR AIR FRANCE
FLIGHTS IN PROTEST AGAINST WHAT THEY CONTEND IS
INADEQUATE COMPENSATION FOR WORKING AT CDG. (FLIGHT
PERSONNEL CLAIM THAT COMMUTING BETWEEN ORLY AND CDG
IS INCONVENIENCE THAT SHOULD BE COUNTED AS WORK
TIME AND SPECIAL TRANSPORTATION SHOULD BE PROVIDED;
MANAGEMENT HAS APPARENTLY REJECTED BOTH CLAIMS.)

2. AUSTERITY PROGRAM ANNOUNCED IN LATE FEBRUARY
BY AIR FRANCE MANAGEMENT CONSISTS OF VARIOUS AD-
MINISTRATIVE MEASURES FOR REDUCING UNESSENTIAL
OPERATING EXPENSES AND BOOSTING PRODUCTIVITY
(INCLUDING LOAD FACTORS ON EUROPEAN ROUTES) AND
PERSONNEL REDUCTION THROUGH MANDATORY RETIREMENT,
RECLASSIFICATION OF CERTAIN POSITIONS, ETC. NET
EFFECT OF THESE ECONOMY MEASURES IS EXPECTED TO
PRODUCE ONLY ABOUT 100 MILLION FR. IN SAVINGS,
HOWEVER, LEAVING RESIDUAL DEFICIT OF 300-450
MILLION FR. WHICH MANAGEMENT STATES IT HOPES TO
BE ABLE TO ABSORB BY 1978.

3. WHILE DELAYING OF AIR FRANCE TRANSFER TO CDG
WAS CITED BY LE MONDE AS ONE OF THE ECONOMY
MEASURES, CDG IS NOT MENTIONED EXPRESSLY IN AIR
FRANCE INTERNAL MEMORANDUM ANNOUNCING AUSTERITY
PROGRAM, THOUGH WE ASSUME IT IS ENCOMPASSED IN
REFERENCE TO 120 MILLION FR. SAVING TO BE ACHIEVED
BY MEANS OF MAJOR ADJUSTMENTS TO 1974-75 INVESTMENT
PROGRAM OF AIR FRANCE. (JACQUES BLOCH OF PARIS
AIRPORT AUTHORITY CONFIRMED IN SPEECH LAST WEEK
TO AMERICAN CLUB THAT CONSTRUCTION OF AIR FRANCE
TERMINAL AT CDG WOULD BE DELAYED AT LEAST ONE YEAR.)
IT IS POSSIBLE, HOWEVER, THAT AIR FRANCE IS DOWN-
PLAYING SAVINGS THAT WILL RESULT FROM DELAY OF
TRANSFER TO CDG SO AS NOT TO INVITE INCREASED
DEMANDS FROM PERSONNEL FOR ADDITIONAL COMPENSATION
FOR WORK AT CDG.

4. MOVING ITS SIZEABLE OPERATION AND LARGE STAFF
TO CDG DOES POSE MAJOR PROBLEMS FOR AIR FRANCE.
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MANY OF ITS ORLY EMPLOYEES HAVE SETTLED IN ORLY
AREA AND RESIST HAVING TO COMMUTE TO CDG OR TO MOVE
TO THAT AREA. WHILE WE HAVE HEARD NO FIGURE
MENTIONED, WE HAVE BEEN TOLD THAT THE COST OF EMPLOYEE
COMPENSATION FOR THE AIR FRANCE MOVE TO CDG WILL BE
STAGGERING. (FOR EXAMPLE, TWA WITH MUCH SMALLER
STAFF ESTIMATES THAT THE COST OF ADDITIONAL
TRANSPORTATION ALLOWANCE ALONE FOR ITS EMPLOYEES

AT CDG WILL COME TO ABOUT \$250,000 ANNUALLY.)
SUBSTANTIAL SAVING WILL RESULT IF AIR FRANCE CAN
THUS POSTPONE MAKING THESE PAYMENTS UNTIL LATE
IN 1974, THUS RELIEVING STRAIN ON A BUDGET ALREADY
BURDENED BY HIGHER FUEL COSTS AND PAYMENTS FALLING
DUE ON CONCORDES AND AIRBUSES ORDERED.

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5. SUSPICION OF AIR FRANCE MOTIVES IN DELAYING
TRANSFER TO CDG IS NOT ALLAYED BY LESS THAN
FORTHRIGHT MANNER IN WHICH QUESTION IS HANDLED BOTH
PRIVATELY AND PUBLICLY. AT MARCH 8 LUNCHEON ON
OCCASION CDG AIRPORT INAUGURATION, PIERRE COT,
DIRECTOR GENERAL AIR FRANCE, TOLD PANAM PRESIDENT
SEWALL THAT REASON FOR DELAY WAS TO FACILITATE
SHAKEDOWN PERIOD OF NEW AIRPORT* IN RECENT ISSUE
OF AIR ET COSMOS COT COMPLAINS OF "EFFRONTERY"
OF FOREIGN AIRLINE REPS WHO DARE CRITICIZE CDG
ARRANGEMENTS. COT SAID PARIS AIRPORT AUTHORITY
WAS ONLY ONE IN WORLD TREATING NATIONAL AND FOREIGN

CARRIERS WITH EQUAL IMPARTIALITY. HE
EXPRESSED "OBJECTIVE" VIEW THAT FOREIGN
CARRIERS WERE WELL SERVED AT CDG. HE DID NOT
ADDRESS HIMSELF DIRECTLY TO QUESTION OF DELAY
IN TRANSFER OF AIR FRANCE SERVICES. ONLY EFFECT
OF COT'S OUTBURST WAS TO ANGER THOSE FOREIGN
AIRLINES WHO HAD REMAINED ON SIDELINES OF CDG
CONTROVERSY AND HE RECEIVED SHARP REPLY FROM
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MID-EAST AIRLINES REP WHO IS PRESIDENT OF FOREIGN
AIRLINES COUNCIL IN PARIS.

6. COMMENT: RE PARA 4 STATE 051451, AIR FRANCE'S
FINANCIAL PLIGHT ONLY BOLSTER SUSPICION THAT
DELAY IN TRANSFER OF AIR FRANCE SERVICES TO CDG
WAS CONTRIVED FOR COMMERCIAL REASONS. DELAY WOULD
HAVE FOR AIR FRANCE DUAL ADVANTAGE OF DEFERRING
MOVING COST AND COMPENSATION PAYMENTS TO PERSONNEL
WHICH WOULD MEAN REDUCED EXPENDITURE UNDER 1974
BUDGET, WHILE CONTINUED OPERATION OF WELL-SUPPORTED
SERVICE FROM ORLY COULD BRING IN NEEDED ADDED REVENUE
FROM NORTH ATLANTIC TRAFFIC DIVERTED FROM US AND
CANADIAN CARRIERS OPERATING FROM CDG.
STONE

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